United Nations A/AC.257/22/Add.1

General Assembly

Distr.: General
16 May 2001

Original: English

Preparatory Committee for the International Conference on Financing for Development
Third session
2-8 May 2001 and one full week in October/November 2001
Agenda item 1
Adoption of the agenda and other organizational matters

Third report of the Bureau of the Committee

Addendum

Report of the task force established by the Bureau to consider modalities for engaging the business community in the financing for development process

I. Introduction

1. The General Assembly, in its resolution 54/196, called for consideration by the Preparatory Committee for the International Conference on Financing for Development at its organizational session of modalities for the participation of other stakeholders, including the business community, in both the preparatory process and Conference itself. The business hearings held in December 2000 provided a cross-section of views from business sector representatives relating to the substantive themes within the financing for development agenda. This was helpful in that it provided an additional substantive input, and from a different angle, for delegates to consider in their preparations for the substantive sessions of the Committee. Engaging the business sector beyond the hearings phase would ensure their integration in the process of considering in greater depth the substantive policy issues before the Committee and create the conditions for their involvement in the implementation of the outcomes relating to the business community. To give that matter appropriate consideration, the Bureau of the Committee set up a special task force, whose interim report, which is set out below, was circulated to missions on 21 March 2001.

2. In order to engage the business sector in such a substantive manner, certain issues need to be addressed. Among the issues are the substantive topics requiring business sector perspectives, the methods of identifying and approaching relevant representatives of the business community, the appropriate modalities for engagement and the next practical steps forward.

II. Substantive issues in need of business sector perspectives

3. The following are some substantive areas in which business sector perspectives would be helpful:

- Increasing the volume of foreign private capital flows to low-income and middle-income countries;

01-37870 (E) 300501

- Strengthening the development impact of foreign private capital flows to developing countries;
- Determinants of investment decisions, including enabling environments and methods of improving the realism in the perception of risk and reducing the credibility gap that may emerge between improvements in a country's investment climate and the response of foreign investors;
- Attracting portfolio flows while at the same time limiting their volatility;
- Role of the business sector in preventing and resolving financial crises in emerging markets, including proposals for private lenders and bond-holders to play a part in support of adjustment packages for crisis-hit countries;
- International trade as a vehicle for generating financing for development.

III. Identifying and approaching relevant representatives of the business community

4. Companies with significant business interests and those considering investments in developing countries (both multinationals and local companies, including small and medium-sized enterprises) could be considered for engagement. The need to ensure geographical distribution should be kept in mind so as to provide a diversity of perspectives. Where individuals from the business sector are invited to participate in round tables, workshops and panels, they should have hands-on expertise of the relevant issues — they need not necessarily be the heads or chairpersons of companies but should be professionals who are both influential/senior and able to provide an innovative input into our substantive deliberations.

5. Given the heterogeneity of the business sector and the difficulties involved in identifying the best representatives to engage with, it is very important to have appropriate interlocutors. Given the diversity of issues on which possible business sector contribution can be identified, there may be a need to engage with more than one interlocutor. In particular:

- From within the business sector, the International Chamber of Commerce, the World Economic Forum and the World Business Council for Sustainable Development are proposed as some possible interlocutors. On certain specific issues, other entities, such as the Institute for International Finance, and an appropriate network of stock exchanges could provide interesting perspectives. Other interlocutors could include the Chamber of Commerce and Industry and the Group of Seventy-Seven Trade Network;
- Another set of interlocutors that have been proposed are regional, subregional and multilateral development agencies that already interact with the business sector. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) are obvious candidates here, and could help to identify and include representatives of business and national investment insurance agencies within their network so as to provide perspectives on themes relating to foreign direct investment and portfolio flows;
- Such initiatives and groupings as the global compact and World Federation of United Nations Associations (comprised of business executives and former foreign affairs officials who are sympathetic to the United Nations) could also be very useful as interlocutors, in particular, the United Nations Association of the United States of America and its Business Council for the United Nations.

6. It would be useful to engage with more than one interlocutor. Moreover, the methods of engagement may also vary according to the interlocutor. The logical sequence would be to first agree on the substantive issues/questions on which business sector perspectives would be needed and, based on these, to identify and approach the appropriate interlocutor. At the same time, some flexibility would be needed with respect to broad-based interlocutors (such as the International Chamber of Commerce and the World Economic Forum) who, through their internal processes, may be able to identify additional issues relevant to business sector financing for development. These bodies may need to be approached and engaged with in a more interactive fashion.

7. When identifying and interacting with interlocutors, the need to ensure geographically balanced representation from the business sector should always be given high priority.

IV. Modalities for engagement with the business community

8. Based on previous experience, holding focused and interactive round-table sessions, workshops and seminars (including those that bring together people from different backgrounds — business sector, civil society, academia and Governments) offer a useful modality for engagement with the business community. Round tables could be held during inter-sessional periods as well as during the Conference itself.

9. Although panels are less intensive than round-table meetings and workshops, they could be appropriate as a forum for presenting important findings. In this respect, the perspectives of the business sector need not always be obtained through public events. For example, such entities as the World Economic Forum and the International Chamber of Commerce, from their internal deliberations, could produce papers containing their contributions on substantive issues (if required, these could then be presented at a panel). Similarly, surveys on business sector opinions conducted by the above interlocutors or by, for example, IFC, could be submitted to the Committee and become an important substantive contribution.

10. The World Economic Forum and similar bodies should be encouraged to use their processes to generate outcomes related to substantive issues identified by the Committee.

11. Key interlocutors should be invited to attend Committee meetings during its session in May 2001 in order to exchange views on the substantive areas and identify appropriate modalities for further engagement.

V. Other suggestions/points raised

12. The International Chamber of Commerce has proposed to the coordinating secretariat to help organize a meeting of business leaders from around the world that would take place in conjunction with the Conference in 2002. This idea should be further developed and presented to the Bureau, taking into account the identification of issues and the objective of balanced representation.

13. The Boston-based Money Matters Initiative has informed the secretariat that it is considering organizing a workshop, after the May 2001 session of the Committee, to bring together government leaders and private sector players to discuss financing for development-related issues. In addition, Friedrich Ebert Stiftung, a German foundation, in cooperation with the Department of Economic and Social Affairs and the United Nations Conference on Trade and Development (UNCTAD), a conference on the theme "Mobilizing capital in the interest of development", to be held at the Downtown Association in New York on 26 and 27 April 2002, bringing together representatives of Governments, central banks, business and civil society organizations for a dialogue focused on mobilizing private capital for development in least developed and other low-income countries.

14. Governmental initiatives along the same lines could be invited.

VI. Criteria for accreditation of business associations

15. The procedure for ad hoc accreditation of business associations is the same as for non-governmental organizations not in consultative status with the Economic and Social Council.

VII. Participation of businesses in the preparatory process and the Conference

16. On the basis of the substantive issues identified and the required characteristics of companies described in paragraph 4 above, the Bureau should be authorized to invite businesses that express an interest to participate. It is noted in this regard that the format of the Conference has yet to be decided by the Committee.

VIII. Proposed action plan

17. The following action plan is proposed:

- Consider the present report and authorize the Bureau to provisionally begin interaction with interlocutors with respect to their engagement with the Committee during its session in May 2001.

- Ask the secretariat to continue interacting with the International Chamber of Commerce regarding its offer to help organize a world gathering of business leaders in conjunction with the Conference in 2002, as well as with other organizations that have approached the secretariat with related ideas on this subject or those that could play an important role in this regard.

18. The above actions should lead to the formulation of a work programme from May 2001 to the date of the Conference that includes round tables, workshops, seminars, panels and commissioned research.